

**ASSEMBLY BILL**

**No. 1070**

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**Introduced by Assembly Member Frazier**

February 22, 2013

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An act to amend Sections 64102, 64107, 64109, 64110, 64111, 64115, 64116, 64117, 64118, 64119, 64120, 64121, 64124, 64125, 64126, 64127, and 64132 of, and to add Section 64107.5 to, the Government Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1070, as introduced, Frazier. California Transportation Financing Authority.

The California Transportation Financing Authority Act creates the California Transportation Financing Authority, with specified powers and duties relative to issuance of bonds to fund transportation projects to be backed, in whole or in part, by various revenue streams of transportation funds, and toll revenues under certain conditions, in order to increase the construction of new capacity or improvements for the state transportation system consistent with specified goals. Existing law, subject to certain conditions, authorizes the authority to grant a request that a project sponsor, rather than the authority, be the issuer of the bonds.

This bill would revise the act to further define the roles of the authority and an issuer of bonds under the act if the project sponsor, rather than the authority, is the issuer of bonds, and would define “issuer” in that regard. The bill would make other related changes.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Section 64102 of the Government Code is amended to read:

64102. As used in this division, the following terms shall have the following meanings, unless the context clearly indicates or requires another or different meaning or intent:

(a) “Authority” shall mean the California Transportation Financing Authority.

(b) “Bonds” shall mean bonds, notes, debentures, commercial paper, or any other evidence of indebtedness, lease, installment, sale, or certificate of participation thereon, issued by the authority or a project sponsor pursuant to this division.

(c) “Commission” shall mean the California Transportation Commission.

(d) “Cost,” as applied to a project or portion of a project financed under this division, shall mean and include all or any part of the cost of construction and acquisition of all lands, structures, real or personal property rights, rights-of-way, franchises, easements, and interests acquired or used for a project, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which those buildings or structures may be moved, the cost of all machinery and equipment, financing charges, interest prior to, during, and for a period not to exceed the later of one year or one year following completion of construction, as determined by the authority, the cost of insurance during construction, the cost of funding or financing noncapital expenses, reserves for principal and interest and for extensions, enlargements, additions, replacements, renovations, and improvements, the cost of engineering, architectural, financial, legal, and other necessary services, plans, specifications, studies, surveys, estimates, administrative expenses, and other expenses of funding or financing, that are necessary or incident to determining the feasibility of any project, or that are incident to the construction, rehabilitation, acquisition, or financing of any project.

(e) “Department” shall mean the Department of Transportation.

(f) “Issuer” shall mean the authority when the authority is the issuer of the bonds, and shall mean the project sponsor when the

1 *authority has authorized the project sponsor to be the issuer of*  
2 *the bonds.*

3 ~~(f)~~

4 (g) “Project” shall mean and include all or a portion of the  
5 planning, design, development, finance, construction,  
6 reconstruction, rehabilitation, improvement, acquisition, lease,  
7 operation, or maintenance of highway, public street, rail, bus, or  
8 related facilities supplemental to or improvements upon existing  
9 facilities currently owned or operated by the department or other  
10 project sponsor. A rail project may consist of, or include, rolling  
11 stock.

12 ~~(g)~~

13 (h) “Project sponsor” shall mean either the department, a  
14 regional transportation planning agency designated pursuant to  
15 Section 29532 or 29532.1, a county transportation commission as  
16 defined in Section 130050, 130050.1, or 130050.2 of the Public  
17 Utilities Code, any other local or regional transportation entity that  
18 is designated by statute as a regional transportation agency, or a  
19 joint exercise of powers authority as defined in Chapter 5  
20 (commencing with Section 6500) of Division 7 of Title 1 or an  
21 agency designated pursuant to Section 66531 to submit the county  
22 transportation plan, with the consent of a transportation planning  
23 agency or a county transportation commission for the jurisdiction  
24 in which the transportation project will be developed.

25 ~~(h)~~

26 (i) “Working capital” means moneys to be used by, or on behalf  
27 of, a project sponsor to pay or prepay maintenance or operation  
28 expenses or any other costs that would be treated as an expense  
29 item, under generally accepted accounting principles, in connection  
30 with the ownership or operation of a project, including, but not  
31 limited to, reserves for maintenance or operation expenses, interest  
32 for not to exceed one year on any loan for working capital made  
33 pursuant to this division, and reserves for debt service with respect  
34 to, and any costs necessary or incidental to, that financing.

35 SEC. 2. Section 64107 of the Government Code is amended  
36 to read:

37 64107. The authority may do any of the following:

38 (a) Adopt bylaws for the regulation of its affairs and the conduct  
39 of its business.

40 (b) Adopt an official seal.

1 (c) Sue and be sued in its own name.

2 (d) Receive and accept from any agency of the United States,  
3 any agency of the state, or any municipality, county, or other  
4 political subdivision thereof, or from any individual, association,  
5 or corporation gifts, grants, or donations of moneys for achieving  
6 any of the purposes of this division.

7 (e) Engage the services of private consultants to render  
8 professional and technical assistance and advice in carrying out  
9 the purposes of this division.

10 (f) Receive and accept from any source loans, contributions, or  
11 grants for, or in aid of, the construction, financing, or refinancing  
12 of a project or any portion of a project in money, property, labor,  
13 or other things of value.

14 (g) Make secured or unsecured loans to, or purchase secured or  
15 unsecured loans of, any project sponsor in connection with the  
16 financing of a project or working capital in accordance with an  
17 agreement between the authority and the project sponsor. However,  
18 no loan to finance a project shall exceed the total cost of the project,  
19 as determined by the project sponsor and approved by the authority.

20 (h) Make secured or unsecured loans to, or purchase secured or  
21 unsecured loans of, any project sponsor in accordance with an  
22 agreement between the authority and the project sponsor to  
23 refinance indebtedness incurred by that project sponsor for the  
24 costs of projects undertaken or for projects acquired or for working  
25 capital.

26 (i) Mortgage all or any portion of the interest of the authority  
27 in a project and the property on which that project is located,  
28 whether owned or thereafter acquired, including the granting of a  
29 security interest in any property, tangible or intangible, and to  
30 assign or pledge all or any portion of the interests of the authority  
31 in mortgages, deeds of trust, indentures of mortgage or trust, or  
32 similar instruments, notes, and security interests in property,  
33 tangible or intangible, of projects for which the authority has made  
34 loans, and the revenues therefrom, including payments or income  
35 from any thereof owned or held by the authority, for the benefit  
36 of the holders of bonds issued to finance or refinance a project or  
37 issued to refund or refinance outstanding indebtedness of project  
38 sponsors as permitted by this division.

1 (j) Charge and equitably apportion among project sponsors, the  
2 administrative costs and expenses incurred by the authority in the  
3 exercise of its powers and duties conferred by this division.

4 ~~(k) Obtain, or aid in obtaining, from any department or agency~~  
5 ~~of the United States or of the state, any private company, any~~  
6 ~~insurance or guarantee as to, of, or for the payment or repayment~~  
7 ~~of, interest or principal, or both, or any part thereof, on any bond,~~  
8 ~~loan, lease, or obligation, or any instrument evidencing or securing~~  
9 ~~the loan, lease, or obligation, made or entered into pursuant to this~~  
10 ~~division; and notwithstanding any other provisions of this division,~~  
11 ~~to enter into any agreement, contract, or any other instrument~~  
12 ~~whatsoever with respect to that insurance or guarantee, to accept~~  
13 ~~payment in the manner and form as provided therein in the event~~  
14 ~~of default by a project sponsor, and to assign that insurance or~~  
15 ~~guarantee as security for the authority's bonds.~~

16 ~~(l) Enter into any and all agreements or contracts, including~~  
17 ~~agreements for liquidity and credit enhancement and interest rate~~  
18 ~~swaps or hedges, execute any and all instruments, and do and~~  
19 ~~perform any and all acts or things necessary, convenient, or~~  
20 ~~desirable for the purposes of the authority or to carry out any power~~  
21 ~~expressly granted by this division.~~

22 ~~(m) Invest any moneys held in reserve or sinking funds or any~~  
23 ~~moneys not required for immediate use or disbursement, at the~~  
24 ~~discretion of the authority, in any obligations authorized by the~~  
25 ~~resolution authorizing the issuance of the bonds secured thereof~~  
26 ~~or authorized by law for the investment of trust funds in the custody~~  
27 ~~of the Treasurer.~~

28 ~~(n) Employ and fix the compensation of bond counsel, financial~~  
29 ~~consultants, and advisers as may be necessary in its judgment in~~  
30 ~~connection with the issuance and administration of any bonds and~~  
31 ~~contract for engineering, architectural, accounting, or other services~~  
32 ~~as may be necessary in the judgment of the authority for the~~  
33 ~~successful development of any project.~~

34 ~~(o)~~

35 (k) Participate in all things necessary and convenient to carry  
36 out its purposes and exercise its powers.

37 SEC. 3. Section 64107.5 is added to the Government Code, to  
38 read:

39 64107.5. The authority or issuer may do any of the following:

1 (a) Obtain, or aid in obtaining, from any department or agency  
2 of the United States or of the state, any private company, any  
3 insurance or guarantee as to, of, or for the payment or repayment  
4 of, interest or principal, or both, or any part thereof, on any bond,  
5 loan, lease, or obligation, or any instrument evidencing or securing  
6 the loan, lease, or obligation, made or entered into pursuant to this  
7 division; and notwithstanding any other provisions of this division,  
8 to enter into any agreement, contract, or any other instrument  
9 whatsoever with respect to that insurance or guarantee, to accept  
10 payment in the manner and form as provided therein in the event  
11 of default by a project sponsor, and to assign that insurance or  
12 guarantee as security for the issuer's bonds.

13 (b) Enter into any and all agreements or contracts, including  
14 agreements for liquidity and credit enhancement and interest rate  
15 swaps or hedges, execute any and all instruments, and do and  
16 perform any and all acts or things necessary, convenient, or  
17 desirable for the purposes of the issuer or to carry out any power  
18 expressly granted by this division.

19 (c) Invest any moneys held in reserve or sinking funds or any  
20 moneys not required for immediate use or disbursement, at the  
21 discretion of the issuer, in any obligations authorized by the  
22 resolution authorizing the issuance of the bonds secured thereof  
23 or authorized by law for the investment of trust funds in the custody  
24 of the Treasurer.

25 (d) Employ and fix the compensation of bond counsel, financial  
26 consultants, and advisers as may be necessary in its judgment in  
27 connection with the issuance and administration of any bonds and  
28 contract for engineering, architectural, accounting, or other services  
29 as may be necessary in the judgment of the issuer for the successful  
30 development of any project.

31 SEC. 4. Section 64109 of the Government Code is amended  
32 to read:

33 64109. (a) To the extent permitted by law, in connection with  
34 any project financed or refinanced pursuant to this division, the  
35 project sponsor may pledge the following revenue sources as  
36 security for revenue bonds issued ~~by the authority~~ *under this*  
37 *division*:

38 (1) Local transportation funds, including, but not limited to,  
39 fuel taxes, Article XIXB fuel sales taxes, local transportation sales  
40 taxes, other state revenues approved for this purpose by the

1 Legislature or by initiative, and developer fees. To the extent that  
2 these revenue sources are within the control of a local agency, the  
3 revenue sources may only be pledged with approval of the  
4 governing board of the local agency. To the extent that these  
5 revenues are within the control of a state agency, the revenue  
6 sources may only be pledged with approval by the department and  
7 the commission.

8 (2) Tolls, on facilities where not otherwise prohibited by statute,  
9 collected by a project sponsor with the approval of the authority.

10 (b) Where the authority is issuing bonds to finance or refinance  
11 a project, the authority shall accept a project sponsor's pledge  
12 made pursuant to subdivision (a) and pledge those revenues to the  
13 repayment of bonds issued to finance or refinance the applicable  
14 project.

15 SEC. 5. Section 64110 of the Government Code is amended  
16 to read:

17 64110. (a) A project sponsor may apply to the authority for  
18 ~~bond financing or refinancing of issuance by the authority or~~  
19 ~~project sponsor~~ for a transportation project that has been approved  
20 by the department and the commission for construction.

21 (b) The authority shall also ensure that the following  
22 requirements are met for a project to be financed or refinanced ~~by~~  
23 ~~the authority under this division~~ to the extent these criteria have  
24 not already been met through approval of the project by the  
25 commission:

26 (1) The project complies with all relevant statutes applicable to  
27 planning, programming, and construction of transportation  
28 improvement projects, and is contained in the constrained portion  
29 of a conforming regional transportation plan prepared pursuant to  
30 Section 65080 and identified as a project proposed to be funded  
31 under the authority provided by this division. For purposes of this  
32 subdivision, a regional transportation plan must be consistent with  
33 greenhouse gas reduction targets assigned by the State Air  
34 Resources Board, pursuant to Division 25.5 (commencing with  
35 Section 35800) of the Health and Safety Code.

36 (2) For projects on the state highway system, the project sponsor  
37 has cooperated with the department to secure its support for the  
38 project and to ensure that the project is consistent with the needs  
39 and requirements of the state highway system.

1 (3) The project is technically feasible in that it conforms to  
2 federal standards and meets or exceeds environmental  
3 requirements.

4 (4) The project is financially feasible, as determined pursuant  
5 to Section 64111.

6 (5) Performance measures have been developed for the project  
7 to enable the commission to track and report on the project's  
8 performance to the Legislature in the commission's annual report  
9 prepared pursuant to Section 14535.

10 (6) The project has support in the communities adjacent to or  
11 affected by the project. To ensure that such support can be  
12 demonstrated, the project sponsor shall, at a minimum, make  
13 available for public review and comment the proposed project,  
14 including any proposed toll schedule, no less than 30 days prior  
15 to approval by the governing body with jurisdiction over the  
16 project.

17 (7) In the case of highway projects, the project sponsor submits  
18 to the commission and to the authority a plan that demonstrates  
19 how transit service or alternative modes of transportation will be  
20 enhanced in the corridor concurrent with the operation of a toll  
21 facility for the purpose of ensuring that the corridor provides for  
22 multiple modes of transport that accommodate all users. Nothing  
23 in this section may be construed to require that toll revenues be  
24 used to finance the enhancement of transit or alternative means of  
25 transportation in the project corridor.

26 (c) The authority shall have no power to plan projects, or to  
27 approve projects other than provided in this division. The authority  
28 shall have no power to assume any of the planning, programming,  
29 or allocation authority of the department or the commission.

30 (d) Beginning June 30, 2011, and annually thereafter, the  
31 authority shall provide to the commission a summary of actions  
32 taken in the previous calendar year, including the number of project  
33 sponsors who sought financing through the authority, a description  
34 of each project, a summary of the sources of funding used to  
35 finance or refinance the project, and any recommendations the  
36 authority may have to improve the financing of transportation  
37 infrastructure, to be included in the commission's annual report  
38 to the Legislature as required by Section 14535.

39 SEC. 6. Section 64111 of the Government Code is amended  
40 to read:

1     64111. (a) Prior to issuing or approving the issuance of bonds  
2 for a project, the authority shall determine that the revenues and  
3 other moneys available for a project will be sufficient to pay debt  
4 service on the bonds and to operate and maintain the project over  
5 the life of the bonds consistent with the objective set forth in  
6 Section 64105. The authority may hire outside consultants to assist  
7 in making these determinations.

8     (b) The authority may issue or approve the issuance of bonds  
9 to achieve any of its purposes under this division and bonds may  
10 be issued without investment grade ratings, as long as the bonds  
11 are sold only to qualified institutional buyers or accredited investors  
12 who attest upon purchase that they understand the nature of the  
13 risks of their investment. The bonds may be taxable or tax exempt  
14 and may be sold at public or private negotiated sale. The Treasurer  
15 shall serve as the agent for sale for all authority bond issues, and  
16 shall be reimbursed from bond proceeds to cover the Treasurer's  
17 costs related to the issuance of these bonds. As used in this  
18 subdivision, "accredited investor" shall have the meaning as  
19 defined in subdivision (a) of Section 5950, and "qualified  
20 institutional buyer" shall have the meaning as defined in  
21 subdivision (h) of Section 5950.

22     (c) ~~The project sponsor may request that it be the issuer of the~~  
23 ~~bonds. The authority may grant the request if it determines that~~  
24 ~~the revenues and other moneys available for the project will be~~  
25 ~~sufficient to pay debt service on the bonds and to operate and~~  
26 ~~maintain the project over the life of the bonds. A project sponsor~~  
27 ~~for which the authority has granted a request that the project~~  
28 ~~sponsor issue the bonds, in addition to any other powers it may~~  
29 ~~have under any other law, shall have all of the powers of the~~  
30 ~~authority under this division necessary or convenient for the~~  
31 ~~purpose of issuing, securing, and repaying the bonds and financing~~  
32 ~~or refinancing the project. This provision is a complete, additional,~~  
33 ~~and alternative method of accomplishing the matters authorized,~~  
34 ~~and the project sponsor need not comply with any other law relating~~  
35 ~~to the issuance of bonds, financing of projects and, if applicable,~~  
36 ~~the imposition and collection of tolls.~~

37     (d) ~~The authority issuer~~ may arrange additional credit support  
38 for the bond issues. However, the authority may not compel project  
39 sponsors to make use of that credit enhancement, nor compel them  
40 to contribute to it by becoming part of a common credit or by

1 providing funding for a common reserve or other enhancement  
2 mechanism.

3 SEC. 7. Section 64115 of the Government Code is amended  
4 to read:

5 64115. (a) ~~The authority is authorized~~ *issuer may*, from time  
6 to time, ~~to~~ issue its negotiable bonds in order to provide funds for  
7 achieving any of its purposes under this division.

8 (b) Except as may otherwise be expressly provided by the  
9 ~~authority~~ *issuer*, each of its bonds shall be payable from any  
10 revenues or moneys of the ~~authority~~ *issuer* available therefor and  
11 not otherwise pledged, subject only to any agreements with the  
12 holders of particular bonds or notes pledging any particular  
13 revenues or moneys. Notwithstanding that those bonds may be  
14 payable from a special fund, they shall be and be deemed to be for  
15 all purposes negotiable instruments, subject only to the provisions  
16 of those bonds for registration.

17 (c) ~~The authority's~~ bonds may be issued as serial bonds or as  
18 term bonds, or the ~~authority~~ *issuer*, in its discretion, may issue  
19 bonds of both types. The issuance of all bonds shall be authorized  
20 by resolution ~~of the authority~~ and shall bear the date or dates,  
21 mature at the time or times not exceeding 40 years from their  
22 respective dates, bear interest at the rate or rates, fixed or variable,  
23 be payable at the time or times, be in the denominations, be in the  
24 form, either coupon or registered, carry the registration privileges,  
25 be executed in the manner, be payable in lawful money of the  
26 United States of America at the place or places, and be subject to  
27 the terms of redemption, as the indenture, trust agreement, or other  
28 document authorized by the resolution, or resolution itself may  
29 provide. ~~The authority's~~ bonds or notes may be sold by the  
30 Treasurer at public or private negotiated sale, after giving due  
31 consideration to the recommendation of the project sponsor, for  
32 such price or prices and upon such terms and conditions as the  
33 ~~authority~~ *issuer* shall determine. The Treasurer may sell those  
34 bonds at a price below the par value thereof. However, the discount  
35 on any bonds so sold shall not exceed 6 percent of the par value  
36 thereof, except in the case of any bonds payable in whole or in  
37 part from moneys held under one or more outstanding resolutions  
38 or indentures. Pending preparation of the definitive bonds, the  
39 ~~authority~~ *issuer* may issue interim receipts or certificates or  
40 temporary bonds that shall be exchanged for those definitive bonds.

1 (d) Any resolution or resolutions authorizing the issuance of  
2 any bonds or any issue of bonds may contain provisions, which  
3 shall be a part of the contract with the holders of the bonds to be  
4 authorized, as to pledging all or any part of the revenues of a  
5 project or any revenue-producing contract or contracts made by  
6 the ~~authority~~ *issuer* with any individual, partnership, corporation,  
7 or association or other body, public or private, to secure the  
8 payment of the bonds or of any particular issue of bonds.

9 (e) Neither the members of the authority nor any person  
10 executing the bonds shall be liable personally on the bonds or be  
11 subject to any personal liability or accountability by reason of the  
12 issuance thereof.

13 (f) The authority shall have power out of any funds available  
14 therefor to purchase its bonds or bonds issued by a project sponsor  
15 under this division. The authority may hold, pledge, cancel, or  
16 resell the bonds, subject to and in accordance with agreements  
17 with bondholders.

18 SEC. 8. Section 64116 of the Government Code is amended  
19 to read:

20 64116. In the discretion of the authority, any bonds issued  
21 under this division may be secured by a trust agreement or  
22 indenture by and between the ~~authority~~ *issuer* and a corporate  
23 trustee or trustees, which may be the Treasurer or any trust  
24 company or bank having the powers of a trust company within or  
25 without the state. The trust agreement, indenture, or the resolution  
26 providing for the issuance of those bonds may pledge or assign  
27 the revenues to be received from a project sponsor or pursuant to  
28 any revenue-producing contract or as pledged by the ~~authority~~  
29 *issuer* pursuant to Section 64109. The indenture, trust agreement,  
30 or resolution providing for the issuance of those bonds may contain  
31 provisions for protecting and enforcing the rights and remedies of  
32 the bondholders as may be reasonable and proper and not in  
33 violation of law, including, particularly, provisions as have been  
34 specifically authorized to be included in any resolution or  
35 resolutions of the ~~authority~~ authorizing bonds thereof. The trust  
36 agreement or indenture may set forth the rights and remedies of  
37 the bondholders and of the trustee or trustees, and may restrict the  
38 individual right of action of bondholders. In addition to the  
39 foregoing, the indenture, trust agreement, or resolution may contain

1 other provisions as the authority *or issuer* may deem reasonable  
2 and proper for the security of the bondholders.

3 SEC. 9. Section 64117 of the Government Code is amended  
4 to read:

5 64117. Bonds issued under this division shall not be deemed  
6 to constitute a debt or liability of the state or of any political  
7 subdivision thereof or a pledge of the faith and credit of the state  
8 or of the political subdivision, other than the ~~authority~~ *issuer*, but  
9 shall be payable solely from the funds herein provided. The bonds  
10 shall contain on the face thereof a statement to the effect that  
11 neither the State of California nor the ~~authority~~ *issuer* shall be  
12 obligated to pay the principal of, or the interest thereon, except  
13 from revenues pledged therefor by the ~~authority~~ *issuer*, and that  
14 neither the faith and credit nor the taxing power of the State of  
15 California or of any political subdivision thereof is pledged to the  
16 payment of the principal of or the interest on those bonds. The  
17 issuance of bonds under the provisions of this division shall not  
18 directly or indirectly or contingently obligate the state or any  
19 political subdivision thereof to levy or to pledge any form of  
20 taxation therefor or to make any appropriation for their payment.

21 SEC. 10. Section 64118 of the Government Code is amended  
22 to read:

23 64118. Any holder of bonds issued under this division or any  
24 of the coupons appertaining thereto, and the trustee or trustees  
25 under any indenture or trust agreement, except to the extent the  
26 rights herein given may be restricted by any resolution authorizing  
27 the issuance of, or any indenture or trust agreement securing, the  
28 bonds, may, either at law or in equity, by suit, action, mandamus,  
29 or other proceedings, protect and enforce any and all rights under  
30 the laws of the state or granted hereunder or under the resolution  
31 or indenture or trust agreement, and may enforce and compel the  
32 performance of all duties required by this division or by the  
33 resolution, indenture, or trust agreement to be performed by the  
34 ~~authority~~ *issuer* or by any officer, employee, or agent thereof.

35 SEC. 11. Section 64119 of the Government Code is amended  
36 to read:

37 64119. All moneys received pursuant to this division, whether  
38 as proceeds from the sale of bonds or as revenues, shall be deemed  
39 to be trust funds to be held and applied solely as provided in this  
40 division. Until the funds are applied as provided in this division,

1 and notwithstanding any other provision of law, the moneys may  
2 be invested in any obligations or securities authorized by resolution  
3 of the authority authorizing the issuance of the bonds or indenture  
4 or trust agreement securing the bonds. Any officer with whom, or  
5 any bank or trust company with which, the moneys are deposited  
6 shall act as trustee of the moneys and shall hold and apply the  
7 moneys for the purposes hereof, subject to any regulations adopted  
8 pursuant to this division, and the resolution authorizing the issuance  
9 of the bonds or the indenture or trust agreement securing the bonds.

10 SEC. 12. Section 64120 of the Government Code is amended  
11 to read:

12 64120. (a) The ~~authority~~ *issuer* may provide for the issuance  
13 of bonds ~~of the authority~~ for the purpose of refunding any bonds  
14 or any series or issue of bonds of the ~~authority~~ *issuer* then  
15 outstanding, including the payment of any redemption premium  
16 thereon and any interest accrued or to accrue to the date of  
17 redemption, purchase, or maturity of the bonds.

18 (b) The proceeds of any bonds issued for the purpose of  
19 refunding of outstanding bonds may, in the discretion of the  
20 ~~authority~~ *issuer*, be applied to the purchase, redemption prior to  
21 maturity, or retirement at maturity of any outstanding bonds on  
22 their earliest redemption date or dates, upon their purchase or  
23 maturity, or paid to a third person to assume the ~~authority's~~ *issuer's*  
24 obligation to make the payments, and may, pending that  
25 application, be placed in escrow to be applied to the purchase,  
26 retirement at maturity, or redemption on the date or dates  
27 determined by the ~~authority~~ *issuer*.

28 (c) Any proceeds placed in escrow may, pending their use, be  
29 invested and reinvested in obligations or securities authorized by  
30 resolutions of the ~~authority~~ *issuer*, payable or maturing at the time  
31 or times as are appropriate to ensure the prompt payment of the  
32 principal, interest, and redemption premium, if any, of the  
33 outstanding bonds to be refunded at maturity or redemption of the  
34 bonds to be refunded either at their earliest redemption date or  
35 dates or any subsequent redemption date or dates or for payment  
36 of interest on the refunding bonds on or prior to the final date of  
37 redemption or payment of the bonds to be refunded. After the terms  
38 of the escrow have been fully satisfied and carried out, any balance  
39 of the proceeds and interest, income, and profits, if any, earned or

1 realized on the investments thereof may be returned to the ~~authority~~  
2 *issuer* for use by the ~~authority~~ *issuer*.

3 (d) All of the refunding bonds are subject to this division in the  
4 same manner and to the same extent as other bonds issued pursuant  
5 to this division.

6 SEC. 13. Section 64121 of the Government Code is amended  
7 to read:

8 64121. Bonds issued ~~by the authority~~ under this division are  
9 hereby made securities in which all banks, bankers, savings banks,  
10 trust companies and other persons carrying on a banking business,  
11 all insurance companies, insurance associations and other persons  
12 carrying on an insurance business, and all administrators, executors,  
13 guardians, trustees and other fiduciaries, and all other persons  
14 whatsoever who now are or may hereafter be authorized to invest  
15 in bonds or other obligations of the state, may properly and legally  
16 invest any funds, including capital belonging to them or within  
17 their control; and the bonds, notes, or other securities or obligations  
18 are hereby made securities that may properly and legally be  
19 deposited with and received by any state or municipal officers or  
20 agency of the state for any purpose for which the deposit of bonds  
21 or other obligations of the state is now or may hereafter be  
22 authorized by law.

23 SEC. 14. Section 64124 of the Government Code is amended  
24 to read:

25 64124. A pledge by or to the ~~authority~~ *issuer* of revenues,  
26 moneys, accounts, accounts receivable, contract rights, and other  
27 rights to payment of whatever kind made by or to the ~~authority~~  
28 *issuer* pursuant to the authority granted in this division shall be  
29 valid and binding from the time the pledge is made for the benefit  
30 of pledges and successors thereto. The revenues, moneys, accounts,  
31 accounts receivable, contract rights, and other rights to payment  
32 of whatever kind pledged by or to the ~~authority~~ *issuer* or its  
33 assignees shall immediately be subject to the lien of the pledge  
34 without physical delivery or further act. The lien of the pledge  
35 shall be valid and binding against all parties, irrespective of  
36 whether the parties have notice of the claim. The indenture, trust  
37 agreement, resolution, or another instrument by which the pledge  
38 is created need not be recorded.

39 SEC. 15. Section 64125 of the Government Code is amended  
40 to read:

1     ~~64125. Each lease entered into by the authority with a project~~  
2 ~~sponsor and each agreement, note, mortgage, or other instrument~~  
3 ~~evidencing the obligations of a project sponsor to the authority~~  
4 ~~shall provide that the rents or principal, interest, and other charges~~  
5 ~~payable by the project sponsor shall be sufficient at all times, (a)~~  
6 ~~to pay the principal of, sinking fund payments, if any, the premium,~~  
7 ~~if any, and the interest on outstanding bonds of the authority issued~~  
8 ~~in respect of such project as the same shall become due and~~  
9 ~~payable, (b) to create and maintain reserves which may, but need~~  
10 ~~not, be required or provided for in the resolution relating to the~~  
11 ~~bonds of the authority, and (c) to pay its share of the administrative~~  
12 ~~costs and expenses of the authority. The authority issuer shall~~  
13 ~~pledge the revenues derived, and to be derived, from a project or~~  
14 ~~from a project sponsor for the purposes specified in (a), (b), and~~  
15 ~~(c) of the preceding sentence and additional bonds may be issued~~  
16 ~~which may rank on a parity with other bonds relating to the project~~  
17 ~~to the extent and on the terms and conditions provided in the bond~~  
18 ~~resolution.~~

19     SEC. 16. Section 64126 of the Government Code is amended  
20 to read:

21     64126. When the principal of and interest on bonds issued by  
22 the authority to finance the cost of a project or working capital or  
23 to refinance outstanding indebtedness of one or more project  
24 sponsors, including any refunding bonds issued to refund and  
25 refinance those bonds, have been fully paid and retired or when  
26 adequate provision has been made to fully pay and retire those  
27 bonds, and all other conditions of the resolution, the lease, the trust  
28 indenture and any mortgage or deed of trust, security interest, or  
29 any other instrument or instruments authorizing and securing the  
30 bonds have been satisfied and the lien of the mortgage, deed of  
31 trust, or security interest has been released in accordance with the  
32 provisions thereof, the authority shall promptly do all things and  
33 execute those releases, release deeds, reassignments, deeds, and  
34 conveyances necessary and required to convey or release any  
35 rights, title, and interest of the authority in the project so financed  
36 *or refinanced*, or securities or instruments pledged or transferred  
37 to secure the bonds, to the project sponsor or sponsors.

38     SEC. 17. Section 64127 of the Government Code is amended  
39 to read:

64127. (a) This division shall be deemed to provide a complete, additional, and alternative method for doing the things authorized by this code, and shall be regarded as supplemental and additional to powers conferred by other laws. The issuance of bonds and refunding bonds and the financing or refinancing of projects or the imposition and collection of tolls under this ~~chapter~~ *division* need not comply with any other law applicable to the issuance of bonds or the collection of tolls, including, but not limited to, Division 13 (commencing with Section 21000) of the Public Resources Code.

(b) Except as provided in subdivision (a), the financing of a project pursuant to this division shall not exempt a project from any requirement of law that is otherwise applicable to the project, and the project sponsor shall provide documentation, before the authority approves the issuance of bonds for the project, that the project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code, or is not a project under that division.

SEC. 18. Section 64132 of the Government Code is amended to read:

64132. (a) The California Transportation Financing Authority Fund is hereby created and continued in existence in the State Treasury, to be administered by the authority. Notwithstanding Section 13340 of the Government Code, all moneys in the funds shall be continuously appropriated without regard to fiscal year for the purposes of this division. The authority may pledge any or all of the moneys in the fund as security for payment of the principal of, and interest on, any particular ~~issuance of bonds issued~~ *bonds issued* by the authority ~~of bonds issued pursuant to this division~~, or any particular secured or unsecured loan made pursuant to subdivision (g) or (h) of Section 64107, and, for that purpose or as necessary or convenient to the accomplishment of any other purpose of the authority, may divide the fund into separate accounts. All moneys accruing to the authority pursuant to this part from whatever source shall be deposited in the fund.

(b) Subject to the priorities that may be created by the pledge of particular moneys in the fund to secure any ~~issuance of bonds~~ *of issued* by the authority, and subject further to the costs of loans provided by the authority pursuant to subdivisions (g) and (h) of Section 64107, and subject further to any reasonable costs that

1 may be incurred by the authority in administering the program  
2 authorized by this division, all moneys in the fund derived from  
3 any source shall be held in trust for the security and payment of  
4 bonds ~~of~~ *issued by* the authority and shall not be used or pledged  
5 for any other purpose so long as the bonds are outstanding and  
6 unpaid. However, nothing in this section shall limit the power of  
7 the authority to make loans with the proceeds of bonds in  
8 accordance with the terms of the resolution authorizing the same.

9 (c) Pursuant to any agreements with the holders of particular  
10 bonds pledging any particular assets, revenues, or moneys, the  
11 authority may create separate accounts in the fund to manage  
12 assets, revenues, or moneys in the manner set forth in the  
13 agreements.

14 (d) The authority may, from time to time, direct the Treasurer  
15 to invest moneys in the fund that are not required for its current  
16 needs, including proceeds from the sale of any bonds, in the eligible  
17 securities specified in Section 16430 as the agency shall designate.  
18 The authority may direct the Treasurer to deposit moneys in  
19 interest-bearing accounts in state or national banks or other  
20 financial institutions having principal offices in this state. The  
21 authority may alternatively require the transfer of moneys in the  
22 fund to the Surplus Money Investment Fund for investment  
23 pursuant to Article 4 (commencing with Section 16470) of Chapter  
24 3 of Part 2 of Division 4 of Title 2. All interest or other increment  
25 resulting from an investment or deposit shall be deposited in the  
26 fund, notwithstanding Section 16305.7. Moneys in the fund shall  
27 not be subject to transfer to any other fund pursuant to any  
28 provision of Part 2 (commencing with Section 16300) of Division  
29 4 of Title 2, excepting the Surplus Money Investment Fund.